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REVIEWS.

Money, Silver and Finance. By J. HOWARD COWPERTHWAIT. Questions of the Day Series. New York, G. P. Putnam's Sons, 1892. — 242 pp.

The Question of Silver. By LOUIS R. EHRLICH. Questions of the Day Series. New York, G. P. Putnam's Sons, 1892. — 115 pp.

The Silver Situation in the United States. By F. W. TAUSSIG. Baltimore, American Economic Association, 1892. — 118 pp.

The volumes of Mr. Cowperthwait and Mr. Ehrlich add nothing to the literature of the silver question. They are indeed on a level with the better class of editorials constantly appearing in the Eastern newspapers, but like these they will serve chiefly to increase sectional ignorance and intensify sectional prejudice. There is nothing in them which will enable the reader to understand why it is that a great majority of the people of the United States, against the frantic protests of the bankers and economists, insisted upon the passage of the Bland Act, adding over three hundred millions of silver to our currency, and then demanded the far greater increase contemplated by the free-coinage bill, and in a large measure secured by the Sherman Act of 1890. Both authors urge every argument, no matter how bad, that has been advanced against silver, and fail to present in a strong way any of the strong arguments in its favor. Even the demagogic position, that it is the poorer people of this country who have loaned most of the money and the richer people who have borrowed it, is advocated by both writers, who see no absurdity in the idea that neither the rich nor the poor understand their own interests, and that each class is fighting for the interests of the other at the expense of its own. Mr. Ehrlich goes further than Mr. Cowperthwait in echoing unscientific arguments, and in one case applies the sounding board in a most awkward fashion. He not only accepts as correct Secretary Foster's estimate that there are fifteen hundred millions now in circulation, but points out that there are six hundred millions not in circulation. In apparent ignorance that these six hundred millions consist of coin and bullion held in the treasury against certificates already counted, he says that the existence of so large a fund which does not circulate "would indicate that we already had more money than the business of the country required."

Professor Taussig's book is of an entirely different character. It is the one enlightening volume on the silver question that has appeared in years. The reviewer has no sympathy with the author's position. Even the sketch of our experience under the Bland Act, which falsified the predictions of the bankers and economists, is unsatisfactory to the reviewer. Never once is it intimated that the bankers were led by class interest to resist the increase of the supply of money through any means that would not increase the value of the gold unit or add to the volume of credit currency issued by the banks themselves. Professor Taussig is an apologist for the creditor class and the false prophets of our universities, and his history on that account lacks a certain color that other sympathies would have given it. But his method is uncommonly scientific and no historical fact necessary to understand our experience under the Bland Act is omitted, unless it be the reason for the change that took place in Mr. Manning's policy as to accumulations in the treasury. This is a great gain; and the gain is still greater where in the succeeding chapters nearly every strong argument in favor of silver is strongly presented and met in a manly way. No one can read this book without being thoroughly informed as to the facts and arguments upon the silver question.

The criticisms to be made of Professor Taussig's work relate entirely to his clearness and originality as a thinker. He sets out by admitting in a most encouraging fashion that the old volume-of-currency theories on which the prophecies about the Bland Act were based, need to be modified; but he proceeds to hug these theories so closely as to shut out everything else from his vision. The fact that the Bland dollar did not fall in value to the price of the silver bullion it contained, is accounted for by the need of more currency, created by the withdrawal of the national bank notes and the expansion of the business of the country. The fact that no one could get one of these dollars without depositing a gold dollar's worth of silver bullion for it, is not referred to as the real reason why the price of this dollar continued to be the cost of its reproduction. The same cloud gathers over the author's predictions as to the ultimate fall in value of the legal tender certificates issued under the act of 1890.

Eventually [he says] no doubt the steady excessive issue of silver notes would bring about both the gold premium and the higher prices. No doubt, too, if the suspension of gold payments proved permanent, the gold premium would correspond pretty closely to the difference between the intrinsic values of the gold and silver dollars as measured by their power of purchasing commodities.

Very sensibly and cautiously he refrains from setting a date for this dire eventuality, but inasmuch as he urges the repeal of the Sherman Act, it is

worth while to calculate the proximity of the catastrophe. The Sherman Act adds nearly fifty-five millions a year to our currency. The Treasury Department estimates that the country has been absorbing sixty millions of new currency a year for the past decade. Professor Taussig puts the country's absorbing capacity at about twenty millions. Admit that he is right. In 1905 our silver currency would still fail to supply the needs of the country. Suppose that in 1910 the owners of silver bullion found that the currency of the country was really redundant, and that for fifty-five million gold dollars' worth of silver bullion they would receive silver certificates worth only fifty-four million five hundred thousand. Would they want to sell it to the government, or would the silver purchases be reduced by universal consent? In other words, is not the "eventual" danger that people will sell a dollar's worth of silver bullion for a certificate worth seventy cents, a little too remote to create great present alarm?

Professor Taussig, again, seems to go even beyond Professor Dunbar in attributing to banking credits an importance in enabling us to dispense with a legal-tender basis for those credits. The thought frequently recurs which is embodied in this sentence: "The silver issues have supplied in great part what I have called the large change of the community; but the total volume of the currency and the general range of prices have not been directly affected by them." The author has accepted what may be called the banker's perversion of greenbackism. Most of the farmers of the West want a limited amount of credit currency issued by the public, convertible on demand into gold or inter-convertible bonds, but legal tender in times of a panic when there is a sudden demand for the payment of all debts. Professor Taussig, like Professor Dunbar, wants a credit currency issued by the banks, which is unlimited in amount in times of over-confidence, when debts are made, but which disappears in times of a panic, when debts are paid. The volume of this currency is represented to be so great that the amount of money (in the ordinary sense) is a matter of little importance. There is not space for a careful statistical examination of this extraordinary position. Suffice it to say, that over against their two billions of deposits, the banks are obliged to keep in their own vaults three hundred millions of lawful money and to have a great deal more within reach if they are to guard against the danger from a panic. That the bank deposits of the country circulate more rapidly than its bills and coin, and perform the function of money to a greater extent than money performs its own function, is an idea for which there is no basis in fact. The exchanges between farmers and laborers on the one hand and wholesalers and manufacturers on the other, are performed by means of money. The exchanges between wholesalers, manufacturers and retailers are performed by banking

credits. The exchanges between retailers and consumers are performed by money. The amount of money needed by the country is not only a matter of the greatest importance, but it increases rapidly every year.

Space limits forbid a review of Professor Taussig's argument that the debtor class has suffered nothing from the fall in prices since 1873. He admits that the product of ten acres is now necessary to meet the interest formerly met by the product of seven ; but he urges that the productiveness of labor has increased in like ratio. In the case of the farmer this is not true, and in other cases there is little relief to the borrower if it is true. It is not labor which is borrowed but certain products of labor. Professor Taussig's contention that the lender should not only get back what he loaned, and the interest thereon, but should receive in addition the entire gain which has come through the increased productiveness of the labor of others, simply indicates how completely he has emancipated himself from the common prejudice in favor of leniency to debtors.

CHARLES B. SPAHR.

Civilization—its Cause and Cure ; and other Essays. By EDWARD CARPENTER. London, Swan Sonnenschein & Co., 1889.—156 pp.

One seldom reads a more pungent and entertaining work than this collection of six essays upon social topics. It will, perhaps, suffice to consider briefly the nature of the first essay, which gives the title to the book, and one other.

In the first essay, civilization is treated as a disease, whose cause and symptoms are pointed out and whose cure is suggested. The evils of civilization are well known to us all : our labor troubles, the drift toward socialism, our prisons, our poor-houses—reveal them with perfect distinctness. Mr. Carpenter thinks that the cure is to be found in a natural development of society ; ultimately, man purified and elevated will rule himself without the restraining evils of civilization. The cure seems to be coming in the drift, which he thinks already perceptible, away from the present competitive society and toward a natural movement that is seen in literature, medicine, art and science.

It is in these two movements [he says] towards a complex human communism and towards individual freedom and savagery—in some sort balancing and correcting each other, and both visibly growing up within—tho' utterly foreign to—our present-day civilization, that we have fair grounds, I think, for looking forward to its cure.

The fourth essay, entitled "Defence of Criminals : A Criticism on Morality," takes up in a different way the same line of thought. The